

SECRET

OGC 73-0410

12 March 1973

MEMORANDUM FOR THE RECORD

25X1A

SUBJECT: [REDACTED]

25X1A

1. At his invitation, I had lunch today with [REDACTED] who recently resigned from the Chairmanship of the Civil Aeronautics Board. He said he had been offered a number of other high-ranking Government jobs, but none of them seemed to fit and so he decided to set up his own consulting firm. [REDACTED]

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2. While prepared to give consultant advice in the aviation field, [REDACTED] plans to concentrate on trade investment in the Far East, particularly because of his language capability, which I understand is Japanese. He plans to get a number of clients on an annual retainer fee and already has such a retainer from Boeing Aircraft. He has also made arrangements with MIT for a full professorship on a part-time basis, so he will go back to teaching there more or less at his own timing.

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4. I also mentioned the possible sale of the Air America complex, which fascinated him. I pointed out that we might need an independent negotiator to sort out the various offers. [REDACTED] said he could not speak about his negotiating capability but he certainly is independent and would be most interested if we wanted help in this regard.

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5. He said that in general he hoped to be helpful to the Agency

25X1A

[REDACTED]

LAWRENCE R. HOUSTON
General Counsel

OGC:LRH:jeb
cc: SA/DDS

I [REDACTED]
OGC chrono

✓subject Liaison-Nongovernmental
extra copies - [REDACTED]

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Note for File:

DCS not on distribution but Mr. Houston
told [REDACTED] about [REDACTED]
plans. 3/12/73

25X1A

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OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS		DATE	INITIALS
1	[REDACTED] 2E45			
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	ACTION	DIRECT REPLY	PREPARE REPLY	
	APPROVAL	DISPATCH	RECOMMENDATION	
	COMMENT	FILE	RETURN	
	CONCURRENCE	INFORMATION	SIGNATURE	

Remarks:

Charlie: If you have no objection, I will go ahead and talk to [REDACTED] I also suggested to [REDACTED] that we should offer to brief the new Chairman. He said this was a good idea as the new Chairman was not very experienced in the aviation field. I can lay this on with [REDACTED] if you want.

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S/

Lawrence R. Houston

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General Counsel		3/12/73
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(40)

FORM NO. 237 Use previous editions
1-67

NOTE ATTACHED TO OGC 73-0410

The Black Sea is functioning in this venture as a primary insurance carrier, and it will profit to the extent that premiums earned exceed losses and expenses incurred in connection with the business they underwrite, less sums reinsured with organizations like our own.

5. Has this type of insurance been heretofore unavailable to U.S. businessmen from other sources ?

This type of insurance has traditionally been made available to U.S. businessmen via the Export-Import Bank in Washington in connection with American export trade to many countries around the world. However, at the present time Export-Import Bank insurance is available only in conjunction with sales to the Soviet Union involving Eximbank financing.

6. The article mentions that coverage in some "neighboring countries" will be available. What are these countries and what type of coverage will be available ?

We are actively considering the feasibility of providing the same coverage package in connection with sales to Eastern-European buyers.

7. Will American International be acting as an agent for Black Sea, e.g., drumming up business ?

No, American International will not be soliciting business for the Black Sea in the U. S.

8. Does American Home plan to issue its own coverage at a later date ? If so, how will this affect Black Sea and Baltic's operations ?

The American Home has no plans to compete directly with the Black Sea and Baltic. As you know, the American Home is a principal reinsurer of the Black Sea and therefore already participates in this business.

9. What is the anticipated volume of business, and what type of firms/banks are expected to insure with Black Sea, e.g., small deals versus large ones ?

It is impossible at this time to project the volume of business to be transacted in this fashion. We would expect that American firms selling to the Soviet Union will seek coverage in connection with any sale not financed by Eximbank.

10. How would the extension of OPIC coverage to investments in the USSR affect American Home and Black Sea and Baltic's operations ?

We believe that the extension of OPIC coverage to investments in the USSR would result in increased Soviet-American trade and therefore increase the demand for the three coverages previously described.

11. What effect will the availability of risk coverage have on the volume of U.S. exports to the USSR ? Will the fact that Black Sea and Baltic is Soviet-owned have any influence on U.S. exporters willingness to insure ?

We believe that the availability of these coverages enhances the prospect for increased American exports to the Soviet Union. I suppose there will be some American exporters who are unwilling to accept an insurance policy covering Soviet political risks and issued by a Soviet-owned company. However, the Black Sea is a long established commercial entity based in London with a reputation for honoring its commitments during periods of great turbulence in the world. We could not consider assuming their reinsurances if we did not believe that they were a financially sound and technically competent organization.

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OFFICIAL ROUTING SLIP			
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COMMENT	FILE	RETURN	
CONCURRENCE	INFORMATION	SIGNATURE	
Remarks: Jim: Attached are the answers by [REDACTED] to the requirements levied on your office and which you had given to me in January. These appear to be responsive, and I leave it up to you to make distribution.			
s/ Lawrence R. Houston			
✓ OGC SUBJECT LIAISON-NONGOVERNMENTAL Not Indexed			
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NOTE ATTACHED TO ROUTING AND RECORD SHEET

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

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FROM:		EXTENSION	NO.
OGC 7 D 01 HQS			DATE
TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS
	RECEIVED	FORWARDED	
1. General Counsel	3/5/13		
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COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)			

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Attached received from
[REDACTED] office.